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THE MEXICAN SITUATION

*By S. W. Reynolds, formerly President of the Mexican
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It is with a great deal of diffidence that I appear before you today to address you on a subject which, at the present time, is of such world-wide importance, and which seems likely at any moment to involve our country in a contest with our neighboring republic of Mexico; a contest which, if ever entered into, would no doubt in the end prove successful, but which would cost a great number of lives and a vast amount of treasure. This success will come in part from the fact that Mexico has not the men or the money to spend in such a conflict that we have, and, consequently, will not have the endurance to carry through a defensive contest.

In considering the present situation, it is well to look at the past and see what Mexico has been in the more recent years of her history, and what has been accomplished in the development of the country. You are all too familiar with the early history of Mexico to make it necessary for me to go into that part of her national life. You will be more interested in taking up her course since what might be termed the beginning of a peaceful and progressive term of government in that country.

Her greatest and most material advance began when Gen. Porfirio Diaz became her President. General Diaz was born September 15, 1830, in Oaxaca. He was the son of an inn-keeper, and of mixed Indian and Spanish descent, his mother having belonged to the Mixteca tribe. He was one of six children. His father died when he was three years old. He was originally intended for the church, but his temperament not tending in that direction, he afterward studied law in the office of Benito Juarez, who afterward became President of the Republic. Later on, he entered

the army and took a very active and important part in military life.

General Diaz's first wife died in 1880, leaving a son and two daughters. Three years later he married Carmen Romero Rubio, the daughter of Romero Rubio, who was a member of the cabinet for many years, and until his death. She was a woman of great beauty and refinement, and was affectionately called "Carmelita" by the people and was much loved by them. She was of great assistance to General Diaz in his work.

I will not go into the detail of his life up to the time he became President. He assumed the executive power on November 24, 1876. At that time the constitution of the Republic provided that a man could not succeed himself as President, therefore, at the end of his term he was succeeded by Gen. Manuel Gonzalez, who served his term, and in turn was succeeded by General Diaz. In 1884, the provision in the Constitution was altered so that a man might succeed himself, and thereafter General Diaz continued as constitutional President.

With the advent of General Diaz began the important development of the country. In 1876, the Republic was bankrupt, a prey to civil war, brigandage, etc. In 1886, the credit of Mexico abroad was firmly established through a proper and satisfactory adjustment of the foreign debt, and this condition continued until the latter part of the Madero government. When General Diaz became President the treasury was bankrupt, when he left it he left \$62,000,000 in it.

One of General Diaz's early methods of restoring peace was to organize the bandits, who had previously preyed upon the country and made travel through it dangerous, into what is known as the "Corps of Rurales," which afterwards became one of the most reliable and efficient arms of the government's service. He also made it much more to the advantage of his enemies to become his friends, and in that way pacified the contending elements.

General Diaz's greatest move toward development came through the promotion of railroad construction in the

country. Then took place what might be termed the peaceful American invasion of Mexico. It was his policy to invite anyone to come there with their money and enter into the country's development, and the first to accept this invitation were the Americans.

The first enterprise of any importance was taken up by Boston capitalists, and what was known as the Sonora Railroad was begun. This line of road ran from Guaymas on the Gulf of California, to Nogales on the American frontier. It was begun in 1879. In later years it became a part of the Atchison, Topeka and Santa Fe Railroad system, and is now a part of the Southern Pacific system, and has been extended nearly to Guadalajara in the central part of the Republic.

The next railroad taken up was also by Boston capitalists, who began in 1880 the building of the Mexican Central Railway between El Paso and the City of Mexico, and completed its whole length of 1224 miles to the City of Mexico in 1884, and it was opened for through traffic March 22 of that year. Since then additional lines have been built, until the system covered something over 3200 miles of road.

The corporations which built both these roads were organized under the laws of the State of Massachusetts, which had been changed so as to permit the organization of corporations here to build railroads in foreign countries. Other railroads were undertaken by Massachusetts capital, but they were not generally successful. One, however, formed the nucleus of what has since become an important system; that is the line across the Isthmus of Tehauntepec, which has now become a national highway of traffic between the Atlantic and Pacific. Other important railway lines were built with American capital, in fact, by far the larger part of the railway construction in Mexico has been done by Americans.

As showing the methods of the government in handling this great development and the wisdom of the course pursued in aiding and subsidizing the roads, the experience of the Mexican Central Road will serve as an illustration. To aid in the construction of this road the government granted

a subsidy of \$9,500 for each kilometer built. In order to make it easy to pay this subsidy, certificates of indebtedness were issued by the government on completion of defined sections of the road, and these certificates were redeemable with a certain percentage, which varied from time to time, of the gross customs receipts of the country. These certificates were placed on sale at every place where duties were collected, and importers were obliged to buy the percentage of their duties of these certificates, and pay them in to the government as a part of the duties which they had to pay. By this method the road was assured of its proper proportion of the country's revenues, and the government not having received it did not have to pay it out.

Subsidies were given to other roads on this and other bases, until quite an important part of the revenues of the country had been pledged for this purpose. The government wished to make a loan abroad, but found itself handicapped on account of these obligations. They finally, however, arranged a loan for an amount sufficient in addition to their other wants to take care of the obligations to the railroads.

Under the original conditions, the collections by the railroads would have extended over a number of years, so in order to meet the equitable result of anticipating payment, negotiations were entered into with the various roads for an equitable adjustment of this anticipation; a discount of 25 per cent was finally agreed upon in the case of the Mexican Central. The amount due the Company at that time was \$19,820,793.01. After deducting the 25 per cent and some other items entering into the settlement, the sum of \$14,335,732.06 was paid to them in cash.

In 1876, Mexico had but 578 kilometers of railroad. She has now upwards of 10,000 kilometers. Up to June 30, 1896, she had paid in subsidies on 9196 kilometers of road the sum of \$107,743,660.25.

I tell you this as an illustration of the credit that the country had attained, and the justice with which they treated their obligations to the railroads.

General Diaz had as an ally and assistant in working out

his financial policies and the results attained, Jose Yves Limantour, who was his secretary of the treasury. Limantour was of mixed Mexican and French descent, and was one of the ablest financiers of the age and commanded the respect and admiration of the people of his own country and of all other nations with whom he dealt.

General Diaz's policy in opening his country in the way he did for development was not shared by many of his advisers, but his theory was that the country could afford to offer the opportunity to anyone freely to go there and invest their money on the promise of liberal aid from the government for whatever they might do, as, if the railroads were not built, the government would incur no obligation, and if they were built, the benefit to the country would amply compensate for any aid that might be given them. The value of this policy is shown by the immense results which came, for probably nowhere in any country has there been so great a development in so short a time.

Practically, the whole of this wonderful development has come as a result of the opening up of the country by the railroads, so that natural and latent resources might be made productive.

Another important advantage obtained was the power it gave the government in establishing and maintaining peace throughout the country. Formerly when disturbances arose, it took so long for troops to reach the scene, there was time for a powerful organization to form, and it took a longer time for it to be subdued. Later when trouble occurred, the government was able to reach the scene and subdue it before it assumed formidable proportions. In other words, the railroads opened up the country to practically immediate control from the capital.

The methods of government followed by General Diaz were in every respect those of a dictator. He had absolute control of all the details of government, appointed his own cabinet and officials, even directing who should be governors of the various states of the Republic. He also had complete control of congress, whose duties for a long time were merely nominal. He and his cabinet arranged the various matters

which came up for consideration, and when they required the approval of congress, they were sent to it and approval was given in due course. As an illustration of this, my associates and myself wished a concession for building a railroad near the capital; through our attorneys we arranged all the details with the President and cabinet and then left the matter in their hands. The concession required the approval of congress which was then in session; there was only just time to have it take its regular course before congress adjourned. We paid no further attention to it, but it was put before congress and approved at the last effective moment.

Had he been other than the man he was, of course, one can readily see what this condition would have led the country into, but, being as he was, a patriotic man, devoting his life to his country, and working in every way for its development, he handled this great power with so much wisdom and discretion as to bring about the results which were achieved.

Of course, many things were done by him and under his administration that did not meet with the approval of some of his people. The church influence in the government, which formerly had been paramount, was entirely subdued by him and was in no way recognized, and for many years no one dare to oppose him with any hope of success. In fact, the people believed in him so strongly and his power and influence were so great that no effort at opposition was made. However, there was always an element, which though latent and quiet was powerful, and which was constantly on the lookout for a chance to assert itself. There was also an undercurrent of feeling of discontent and unrest on the part of other factions, which will always prevail in a country like Mexico, and under conditions existing there, and in fact in any country, which wished to get control of the government for purposes for their own good or bad as the case might be. These various elements worked quietly over their object and waited a time when they could assert themselves.

General Diaz was probably fully aware of what was going

on, but having exercised his power and control so long, he probably felt himself amply able to control and subdue whatever opposition might arise, but he was getting on in years, he was more anxious to maintain peace and give the country a chance to develop into a position where the full conditions and development of a republican form of government could be maintained and so let up on that tense hold which he had had, with the consequence that the various opposing factions had a chance to gain strength and prepare to assert their opposition to him.

For a long time he was anxious to resign from the Presidency and take a rest which he felt he so richly had earned, but he was always afraid that conditions were not ripe for his retirement, and he was doubtful of what might follow.

The constitution of the country made no provision for a vice-President, but in 1904 the constitution was altered, providing for one. Some time before he had brought from the State of Sonora, Ramon Coral, formerly governor of that state, and made him governor of the Federal District (corresponding to our District of Columbia), later a member of his cabinet, and finally vice-President. This was with the ultimate object of having him become President, but as conditions developed Coral did not seem to be the man for the place, and General Diaz did not dare to have him succeed him. Other men in the cabinet and outside were also considered, but none seemed to come up to the full requirements. Consequently, General Diaz held on, but as often happens in such cases, he held on too long. Had he given up several years before, and before the elements opposing him had become so strong, and been succeeded by someone whom there is no doubt he could have placed in power, who while probably not fully satisfactory to all elements, would have continued the Diaz policies, backed up by the aid General Diaz could have given him, the overturn which took place would not have occurred.

In the meantime the different opposing elements had been gaining strength and later became united under Madero. Had General Diaz recognized Madero's strength and treated with him, probably on a show of strength between the two,

Diaz would have prevailed, but instead Diaz attempted to suppress Madero in a way that finally became persecution, which resulted in increasing Madero's strength so that he was able finally to force Diaz to resign, which he did on May 25, 1911.

Madero's claim to leadership came from his opposition to the previous policies and administration of the government, and his promises if in power to reform the evils which he claimed existed and to give his country a government filling all the requirements and advantages of a republic. His promises were liberal and naturally the people felt that the change meant what they might term reformation. Madero claimed that he did not wish to become President, unless by a regular constitutional election. Consequently Francisco Leon de la Barra was appointed provisional President May 25, 1911, and held the office until the constitutional election took place which made Madero President.

It was my good fortune to know General Diaz personally, as well as every member of his earlier cabinets. After he had weeded out from time to time from the members of his cabinet, the last being Romero Rubio, his father-in-law, the men who had not entirely broken away from the old conditions of graft, etc., which formerly prevailed there, I believe its members to have been men of honesty, integrity, of high character, and devoted to their country, men who had the best interests of their country at heart and who worked to attain the greatest good. Of course, some will disagree with me in this, but I am looking at the whole subject in its broadest sense and based on my personal knowledge of the men, and while many mistakes were made as there always will by whoever may be in power, still considering everything it is doubtful if any set of men could have been in power in such a country who would have brought about such satisfactory results.

The administration of government as carried on by and under General Diaz was that which I believe was best adapted to secure the development which he was carrying on, in the most simple and effective way. If one had dealings with the government, he could go directly to the proper

official and secure immediate and direct consideration for what he had to offer. This meant that the way was easy and simple to do business with the government and did away with the great amount of red tape which is usually so prominent in connection with government affairs. And in this connection one must consider that the people in Mexico are no more like ourselves, naturally, than the people of France, Germany, Spain, China, Japan, or any other foreign nation, and we must consider their temperament, methods of life, and of business, their past history, and their personal characteristics in thinking of and in dealing with them. We would not think of going to Japan or Germany or Spain and finding conditions or people as we do in the United States, nor would we expect to reform or change their life and habits to conform to our own.

In our early experience in Mexico, we found many things different and we thought much inferior to our own, and we set about trying to reform them, but we soon found that their life, customs and ways were based upon a longer experience of their peculiar natural conditions than our own, and we soon concluded that it was much better to graft the best of ours with the best of theirs with the result that we both secured a lasting good.

It was my pleasure and privilege to know Mr. de la Barra personally, and no one can be found of higher character, more gentlemanly characteristics, and I think more honest and faithful than he. He is not, however, a forceful man, and probably could not handle a government passing through a condition of conflict such as at present exists, but as an administrator and executive he was highly efficient and successful.

I was also personally acquainted with some of the members of President de la Barra's cabinet, and have a very high opinion of them.

President Madero, I did not know personally, but from what I have heard about him, he appears to have been a man of high ideals and a certain amount of patriotism, but without the other qualities necessary to make a successful ruler.

He made many promises before he came into power, he proclaimed all the deficiencies of the previous administration and promised reforms in them all, but he was weak in many ways, and was unable to command the support necessary to carry through his reforms. In fact, he showed many of the common defects of men of his calibre, nepotism being one of the most prominent. He soon learned what the temperament and disposition of his people were and what General Diaz had to contend with in holding them in subjection, for elements which were disturbing, when he was fomenting rebellion, continued to be disturbing and he had them to contend with as Diaz previously had with him, and they finally compassed his overthrow.

He took the government under generally peaceful conditions and with a full treasury, he left it in unrest and in poverty. He deposed Diaz, and was in turn deposed by Huerta and Felix Diaz.

Some time in the future Mexico may attain a position where such methods as Madero followed may be successful but the time for that is not now. His career is a forceful illustration of the result of promises made when power is sought for, which are not carried out when one has the power to perform.

The success of General Diaz and his methods indicate strongly that the kind of a government which he gave is what Mexico must have for some time to come. It has been my own personal opinion since General Diaz was deposed that the country must be returned to his kind of a government before peace and progress will be resumed. The fact is not only is there a rebellion against the central government, but the rebels are divided into many bands under separate leaders, bandits in reality, none of which have any standing as a separate government; one only having a center or head of sufficient importance to be recognized as a power, and if ever an attempt was made to recognize a belligerent power, the recognition of one or more would not include all, nor would it bring them all under one control, it would simply mean a faction with other factions still to deal with.

Realizing all this, does it not seem as if the Diaz policy must be revived and an element control the government which shall be in a great manner dictatorial and coercive until the different elements can all be brought under control?

General Diaz went a long way in bringing his people up to a proper standard, they ought to see that they have not yet attained the position where popular government can be maintained, but with another such period of progress under control they may reach the point where full constitutional republican self-government can be maintained.

The great question today is whether Huerta is the man to reestablish that method of government. He has had no chance to show what he can do, for he has been handicapped for the most of the time since he came into power by the attitude of our own government toward him, which, while seeking to have him attain certain results, seems to throw every impediment it can in the way of his attaining them.

The difficulty in considering the present question of the relations between our government and that of Mexico, is that we know practically nothing of what is going on. Our daily press contain voluminous articles which today make assertions of almost positive definiteness, which are tomorrow contradicted, leaving us with no distinct, actual knowledge, but sifting what we hear as best we may, the conclusion seems to be that our administration has taken a positive position of suppression of the Huerta administration and that nothing that Huerta can do, or anything that can be done there short of his annihilation, will have President Wilson's support or approval. Of the wisdom of this position there are varied opinions, and it may be fair to withhold open condemnation or approval or even open discussion, until we know just what his policy and position is to be.

The situation is very grave, for we will be held responsible for the protection of the lives and property of foreign subjects, as well as our own, and the considerations involved are too important to be trifled with. Our own people have a right to the protection of their interests in that country,

and they are entitled to know if they will have such protection.

General Huerta seems to have some of the qualifications which I believe necessary to bring peace to Mexico, but he cannot accomplish much with the decided opposition of the United States. There are many objections to be made to the methods which Huerta has followed, but the people of this country should recognize what Mexico and its people are. They are not like ourselves, their temperament and conditions, their previous government, the revolutions through which they have passed, and many of their ideals are entirely different from our own.

In an attempt to rehabilitate that country, I do not think we can safely assert what we would like to have them be, but we must start with a condition and not with a theory. If instead of trying to force them into a condition such as we would like, we take them as they are and endeavor to have them follow along lines which we believe to be in accordance with our ideas of the relationship of the United States to the Latin-American republics, we can hope for a very marked success and probably an adjustment of the whole existing condition, but if we try to assume that they must be as we want at the start, and then expect them to follow along lines which we may lay down, I think we will have great difficulty in bringing this about.

It seems rather a strong position for our government to take that they shall dictate to the head of another government who is in power and is the present provisional President of that country, what he shall do and what he shall not do, without giving better reasons than have yet been given. We are not taken into the confidence of our government, and, consequently, are unable to judge of its policy, if it has one, and what it is aiming to do.

We are quite aware that the government must of necessity keep much of its negotiations to itself, but it does seem as if more might be said to our people, who have vast sums of money invested in Mexico, and who are anxiously waiting to see what policy our government is to pursue, if it has a policy, in order to adjust their own affairs.

The people of our country have, I think, an entirely erroneous and unjust opinion of the people of Mexico. While they are unlike us in many ways, my own experience has found them to be in the main, that is, among the business people, of high character and integrity, fair and just in their dealings, and without those barbarous and inhuman proclivities that so many are apt to attribute to them.

The situation can be settled, and settled with reasonable promptness, but it must be done with full consideration for Mexico, and with a full understanding of its people.